

AUDIT COMMITTEE REPORT

Subject: Procurement Practices and Value for Money	Purpose: For Approval <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Information <input type="checkbox"/>
Prepared by: Peter D Smith, Vice Principal – Finance and Resources	Date: 12 September 2017
Purpose: To update the Committee with regard to activities in ensuring best practice and value for money in the College's Procurement function.	
Linked to Strategic Goal 5: Build Sustainability.	
Executive Summary: <p>The College's Procurement Strategy 2016-2020 is aligned to the Public Procurement Reform Agenda, focusing on five themes: -</p> <ul style="list-style-type: none"> • Sustainability • Access • Efficiency and Collaboration • Savings and Benefits • Capability <p>This report updates the Committee with regard to progress on these.</p> <p>Sustainability</p> <p>The concept of sustainable procurement is a key part of our Procurement Strategy and Policy. Use of collaborative framework agreements wherever possible helps to ensure we meet this goal.</p> <p>Access</p> <p>Wherever possible, we use the Scottish Governments PCS-Tender e-tendering portal to advertise tenders, ensuring as wide access as possible for suppliers.</p> <p>Efficiency and Collaboration</p> <p>The attached graphs show the percentages of our annual expenditure which is subject to formally agreed contracts and framework agreements.</p> <p>The following table breaks down the College's total non-pay spend of £4.4M between on- and off-contract spend, and also the spend managed through the electronic PECOS system as opposed to those placed manually and then entered directly through our SUN accounting system.</p>	

2017 vs 2016 YTD	2017 YTD		2016 YTD	
TOTAL INVOICES	4650		4347	
TOTAL £SPEND	£4,373,936.71		£3,924,828.08	
PROCUREMENT £SPEND/INVOICES	£4,215,394.07	4410	£3,924,828.08	4347
CONTRACT INVOICES*	2523	57.2%	2608	60.0%
NON CONTRACT INVOICES*	1887	42.8%	1739	40.0%
CONTRACT £SPEND*	£3,227,837.22	76.6%	£2,498,099.40	63.6%
NON CONTRACT £SPEND*	£987,556.85	23.4%	£1,426,728.68	36.4%
TOTAL SUN INVOICES	1858	40.0%	1775	40.8%
TOTAL PECOS INVOICES	2792	60.0%	2572	59.2%
TOTAL SUN £SPEND	£2,742,710.59	62.7%	£2,463,852.72	62.8%
TOTAL PECOS £SPEND	£1,631,226.12	37.3%	£1,460,975.36	37.2%
MAN/OTHER	£159,615.31	238		

As can be seen above, total contracted spend, at £3,228k, has increased to 76.6% in 2016-17 from 63.6% in 2015-16.

Total PECOS spend, at £1,631k, has remained almost static at 37.3% of the total, although PECOS invoice numbers have increased from 59.2% (2572 invoices) to 60.0% (2792 invoices).

Savings and Benefits

The most recent analysis of savings and benefits carried out by APUC was for the year 2015-16. This showed that total savings for the College generated by the use of collaborative agreements was £76k, being £67k generated through lower contract prices and £12k saved by not undertaking our own tendering exercise.

Capability

The College undertook the Operational Procurement Review with APUC in May 2017. This review assessed our current operational capabilities and practices and made some recommendations for improvement. These are monitored monthly as part of our Operational Procurement meetings. They also highlighted potential improvements through staff training and these are also addressed via an action plan.

Recommendation: Committee to discuss the report.

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Previous Committee Approvals: n/a

For publication ☒

For publication with redactions ☐

Not for publication ☐